

Biesse Group Antitrust Handbook

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1. Preface

1.1 The Biesse Group (hereinafter also the "Company") adopted the **Antitrust Handbook**, in order to comply with the competition regulation. The document belongs to the **Code of Conduct**, detailing the section about Competitive Practices (§5.1.13) with the specific focus on the Antitrust discipline.

1.2 The Company firmly believes in dynamic competition in the various industrial and commercial sectors in which it operates. It is the Company's policy to compete legally, legitimately and ethically in full compliance with the applicable laws to safeguard competition.

1.3 The regulations enunciated in this document have been designed to preserve the right market competition. The purpose of the present document is to be a practical guide about behavior compliant with the Antitrust discipline.

2. Area of application

2.1 The Code is valid to every Biesse Group employee. All employees must observe, apply and divulge values and indications included in this document

2.2 The Antitrust laws are applicable to all agreements between businesses, irrespective of their nature and equally independently, in general, of the management of the business. Normally, however, they do not apply to agreements between companies belonging to the same group, such as, for example, those within Biesse.

2.3 The present conduct rules must be adhered to in all formal working contexts, in all communications, including mail, and also in informal contexts, in social relationships, outside the office. Failure to comply with the present regulations will result in the application of sanctions as expressed in the **Group Disciplinary Code**.

2.4 Given the complexity of Antitrust law it is not possible to illustrate all operating cases, therefore, when in doubt employees must promptly consult the Legal Department and/or the Internal Audit Department regarding any situation which could rise a probable violation. If necessary, legal consultations would be disposed in order to prevent any risk.

3. Antitrust offences and Code of Conduct

3.1 The regulations prohibit any collusion or agreement between competitors that negatively affects competition in the market, if the final consumer could not get any benefit. In certain circumstances, a dominant position held by the business entity could also constitute a violation of the law in itself.

3.2 **Employees are forbidden** to sign any contract, agreement or other pact with competitors regarding prices, pricing policies, other contractual conditions, markets or lines of business in which the Company operates, with clients and suppliers with which the Company does business, or with regard to other subjects of competitive significance.

4. Prohibited Agreements

4.1 **Horizontal agreements between competitors are prohibited.** Employees are aware that those agreements are treated with the highest severity by the Authority, heavier than vertical agreements, clear restraint to costumers.

4.2 In particular, **all agreements regarding the followings are prohibited:**

- a) Direct or indirect price fixing;
- b) Fixing of other terms or conditions;
- c) Information sharing, especially relating to prices, or market conditions;
- d) Production volume limitation or control;
- e) Markets division.

These agreements are considered illicit with no consideration of the existence of any effect, positive or negative, that they may have on the market.

4.3 The following agreements may in some circumstances be considered illicit:

- a) products or services supply to a competitor when the agreement prohibits the onward sale by a competitor below a certain price, especially if the goal is guarantee a certain profit margin for the provider or for the provider's competitor;
- b) products or services purchase from a competitor;
- c) To permit a competitor to distribute products (especially if it is an exclusive agreement).

It is absolutely prohibited to sign such agreements. In case of doubt, Biesse employees must require advice from the Legal Department.

4.4 **The prohibition applies not only to formal or express agreements but also to any kind of informal agreement or "gentlemen's agreement"** or to any other tacit or implicit agreement regarding prices or any other matter of competitive significance.

4.5 Employees are aware that the existence of illicit agreements may also be deduced from circumstantial evidence. Similarly, it is not necessary for competitors to have formally and personally signed any agreement, pact or illegal act.

4.6. **Never invite competitors to participate in any collusion, and to clearly and unconditionally refuse such invitation received by others.** Employees invited by a competitor to participate to an illicit agreement must expressly refuse and inform the proposer that it is against the Company Code Of Conduct, signed and shared with all Group's employees, forbidding to take part to this activities, or even to discuss about those matters with competitors. If required, assistance may be asked to the Legal Department helping to determine nature and tone of the communication.

5. Price fixing

5.1 The agreement referred to in par. 4.2. a) relates to the prices fixing or setting. Price Fixing is deemed to occur even when no specific price or price range has been fixed.

5.2 Any agreement between competitors that directly or indirectly has an impact on prices, whether to increase or reduce prices, may be considered illicit.

5.3 In particular, for the purposes of example and not exhaustively, **the following agreements between competitors are prohibited**, insofar as they contravene Antitrust

regulations:

- a) any condition of sale that has an effect on pricing such as discounts, credit terms or conditions, or price change announcements, use of pricing formulas;
- b) imposition of a premium or any other ancillary charge or changes to existing charges;
- c) Fixing of any particular increase in price any setting up of a price list, or pricing formula.

6. Competitors relations

6.1 It often happens, especially during events, whether professional or social (trade fairs, conventions, dinners, etc) that employees get contact with competitors. **These events are not prohibited but should be limited to strictly necessary.** Any employee involved in any conversation concerning prohibited matters according to the Antitrust law is obliged to state his objection immediately to the speaker, and clearly interrupt the conversation.

6.2 The employee who, stated clearly that Biesse Group does not take part, and will not take part of this discussions. This is necessary in order to expunge any doubt that may be interpreted as tacit consent by the Company. A different behavior may cause the Company to be held responsible for his silence. In these circumstances the employee will be personally held responsible.

6.3 It is every employee's duty to avoid any conduct that constitutes or may be interpreted as proof of an agreement or pact to fix prices or take part in any other activity prohibited by the regulations to safeguard competition. For this purpose, it is employee duty to avoid ambiguous or imprecise language in the preparation of e-mails or any other document. Such language might be interpreted as evidence of the existence of an agreement between competitors even where such agreement has never existed. For example, a sentence like 'the competitor agrees with the adoption of the practice' could be interpreted as an agreement existing between Companies that, without having ever discussed the matter together, ultimately adopt the same practice.

6.4 In circumstances where a record or minutes have been prepared about meetings where people discuss matters that may raise the risk of Anti-trust violation (for example in trade association meetings, technical seminars etc.), employees are specifically requested to express their objection to discussion of such matters, immediately leave the meeting, request that their objections be recorded in the minutes or records and demand a copy of them. Any such occurrence should be immediately reported to the Legal Department.

7. Exchange of information

7.1 It is forbidden to divulge the Company's pricing policy or any other sensitive information regarding competitive practices directly to any competitor, or indirectly through any client or third party.

7.2 Therefore, **sensitive information regarding competitive practices must not be entrusted to third parties in case it is passed on to competitors.** Similarly, it is forbidden to obtain information from third parties by exploiting them as a channel to share commercially and/or strategically sensitive information between competitors.

7.3 Sensitive information about competitors' prices and any other matter of competitive significance must "only" be obtained from public sources, and not from conversations or any other communication with competitors.

7.4 It is legitimate to receive information from a client about a competitor's offer on the condition that a trace is kept of the source. In absence of tracked source, it is prohibited to hold this information even if only to verify an offer or a price that a client claims has been proposed to them.

7.5 The company leads its ordinary business decisions – regarding prices, conditions of sale of the Company's products and services, markets of operating areas in which the Company competes and the clients and suppliers with which the Company does business – independently and on the basis of all relevant factors, such as cost and profit objectives established by the Company, price competitiveness and other relevant factors and information.

7.6 In formulating price decisions or other matters related to the business (e.g. Market assessment, product and service range planning etc), Biesse Group may also take in consideration sensitive information about the competition, but just on the condition that this information was obtained from public sources (sector publications, company websites, market research). When the information source could be a company research or trade associations, the information must be collected only in aggregated way, being sure that it is not possible to reconstruct any data per single society.

7.7 It is mandatory always to verify the legitimacy of a source of information regarding competitors in order to avoid future misunderstandings about it. This verification may take different forms depending on its nature and the mechanism utilized. For paper documents it is considered sufficient to make a note of the source and the circumstance; in the case of e-mail employees are requested to archive the communication in such a way that it may be traced; with regard to internet websites, employees are advised to keep a trace of the web address from which the information was gathered. In case that sensitive information is obtained with no possibility to record the source, the responsibility attributed to the Company will be turned to the employee who omitted to adopt the aforementioned precautions.

7.8 In certain circumstances, even a one-way exchange of information could be illicit by the Antitrust Authority. Communications with competitors might be misinterpreted and considered part of an agreement, pact or illegal arrangement. Any exchange of sensitive information with competitors in any circumstance or form is expressly prohibited.

7.9 Employees may communicate "sensitive" information to third parties (e.g. Offers to clients, price lists to dealers and/or agents etc.) to the extent that is strictly necessary for the management of business and as authorised by Management. Information sent to third parties must be headed "Strictly Confidential" and must indicate the name of the recipient using the "watermark" format.

7.10 Employees are obliged to abstain from discussing and exchanging in any way "sensitive" information with a competitor's employees, representatives or agents, regarding past, present or future prices, pricing policies, increases or other additional costs, other sales conditions or any other questions of competitive significance of the Company or competitors. **In general, employees must neither supply such information, nor request such information from competitors.** Any conduct which does not comply with this directive may be subject to an internal disciplinary enquiry by Management.

7.11 Prior to acquiring information from market intelligence companies the methods by which the consultant has obtained the data must be verified.

7.12 It is prohibited to provide sensitive information to research companies and market

research companies without having first verified the way in which the information will be managed and/or passed on to third parties. In doubt please consult the Legal and/or Internal Audit Department.

8. Membership of Industry and Trade Associations

8.1 Trade associations and other industry groups may have legitimate objectives.

However, Company membership and involvement with trade associations (or with other industry groups) may rise concerns, insofar as they involve meetings and other activities between competitors.

8.2 Employees who participate in the activities of trade associations **are required to exercise caution**, evaluating any specific topic dealt and avoiding the participation in any kind of activity or conversation that might be interpreted as an illicit act of collusion between competitors.

8.3 Before enrolling in any trade association, authorization must be obtained from the Management and full knowledge of the Company's regulations is required.

8.4 Any employee, member or simply participant in the activities of the aforementioned associations, groups or entities, is obliged to notify the Legal Department immediately.

8.5 Employees may not participate in the activities of trade associations (or other industry groups) **that could involve Antitrust offense** without first consulting the Legal Department.

8.6 Employees should never assume that the activities of the trade association (or other industry groups) are compliant with Antitrust regulations simply because a lawyer is present at meetings.

8.7 Prices, increases or other ancillary charges, conditions of sale or other matters of competitive significance **may not be discussed** at meetings of **trade associations** or other industry groups. **This prohibition is applicable equally to official events** of the trade association or other industry association, and to any informal meeting (which must generally be avoided) and to casual conversations. Biesse Group makes unilateral decisions regarding issues such as the magnitude of cost increases, whether to pass these increases on to the client totally or partially or via an increase in prices, and takes no part in any initiative, formal or informal, aimed at reaching an agreement on these matters in the context of the industrial sector.

8.8 In order to be fully compliant with the Antitrust regulation, trade associations and other industry associations activities should observe the following principles:

- a) In general, the trade associations to which employees belong must have in place an adequate program to comply with the Antitrust and competition regulations.
- b) The agenda for meetings must be required (in advance if possible), and it must be confirmed that this is complete and does not contain points that may lead to anti-competition discussions. Any doubt regarding the legality of items on the agenda must be discussed with legal consultants (in advance, if possible).
- c) It is highly recommended that correct and precise notes are kept regarding all matters discussed and that copies of these notes are subsequently sent to legal consultants.
- d) Extreme caution must be exercised in any discussion with competitors that takes place before and after trade association meetings as well as any contact during intervals.

- e) Prompt request must be made for copies of any minutes or meeting notes and these must be sent to legal consultants.

8.9 **The following activities** carried out by trade associations **may rise doubts** in relation to competition regulations:

- a) expulsion or exclusion of actual or potential members (as in certain circumstances these acts may constitute a group boycott);
- b) activities that establish “industrial standards” (as in certain circumstances these acts are an illicit means of blocking competition);
- c) the gathering, dissemination and/or exchange of industrial data or other information of competitive significance (as such exchange may in certain circumstances be interpreted as part of a price fixing agreement or as a means of stabilizing or increasing prices), except where the information is presented as cumulative or aggregate data from which no confidential information may be inferred (even of the most general nature) regarding specific companies;
- d) expressing the industry point of view to legislative bodies or government agencies or regulatory organizations (as such actions may be used to disguise attempts to damage or eliminate a competitor).

8.10 Employees are aware that in certain circumstances the illicit conduct committed by any trade associations member (or other industrial groups) will be attributed to the other members, even those who were not involved in such activities but who were aware of them. Therefore, employees must take particular attention when participating to trade associations or other industry groups activities. Employees who find themselves involved in anything that might be a prohibited conversation or activity, or might simply be construed as such, must follow the aforementioned procedures and end any such conversation and consequently leave the conversation or activity and immediately inform the Legal consultants in order to ensure that no further action is necessary to bring this procedure to a conclusion.

9. Vertical agreements – Client and Supplier relationships

9.1 In principle **the Company is free to conduct business or not to conduct business with any party and is free to choose its own clients and suppliers**. The decision not to conduct business with certain clients or suppliers must be made autonomously and independently and may not be the result of agreements or pacts made with competitors.

9.2 **Refusal** to conduct business with potential clients and suppliers, and the cessation of a business relationship with existing clients and suppliers, **may rise doubts** regarding compliance with Antitrust relationships.

9.3 **Employees must exercise caution and avoid creating the impression that the legitimate refusal to conduct business with any current or potential client or supplier, or the cessation of a business relationship with the said entities, is the result of an illicit agreement with a competitor or a competing client or supplier**. For example, employees who receive complaints from one or more suppliers (or clients) regarding prices or the other business activities of another supplier (or client) must clearly reply that the Company will evaluate them and/or take any action that the Company considers appropriate on the basis of its own independent judgement.

9.4 **Exclusive agreements** limit the ability of clients or suppliers to negotiate business

with competitors or to conduct business in certain geographic areas. Contracts involving purchase or sale obligations (“requirements contract”) are forms of exclusive agreements in which a client or a supplier is obliged to purchase, or to sell, all or part of their own requirements or their own production from, or to, another party. **These agreements may rise problems relating to Antitrust** regulations and employees who negotiate such agreements must seek legal advice should any doubts arise regarding the applicable standards and appropriate conduct.

10. Specific agreements that could give rise to Antitrust concerns

10.1 **It is the Company’s practice not to adopt illicit limitations, whether agreed or imposed, on clients and suppliers.** The type of agreement with clients and suppliers described below constitutes a violation of Antitrust regulations as it imposes unreasonable limitations on competition, even if some of these practices are permitted in certain circumstances. Employees who are preparing to sign an agreement that falls into the following categories, or any other agreement that they believe may give rise to similar doubts, must seek prior advice from the Legal Department regarding the applicable standards and the conduct to be observed.

10.2 **A tying practice** is the practice of requesting a client to buy a product or service in order to obtain another product or service in which the client is genuinely interested. In general, **clients are free** to purchase only the products or services they want from the Company **and must not be obligated to purchase goods or services that are of no interest to them**, as a condition to allowing them to buy those in which they are genuinely interested.

10.3 The general prohibition to putting tying practices in place does not include legitimate attempts to sell multiple products or services in a single package, on the condition, however, that the seller is prepared to sell each product or service separately at a realistic price (as long as offering products or services separately is economically feasible).

10.4 **Reciprocal agreements** occur when the Company’s volume of business with current or potential suppliers is based on volumes of purchases by the supplier from the company. **It is the Company’s policy to make all purchasing decisions exclusively on the basis of price, quality, level of support, service and other relevant factors and not on the basis of the supplier’s volume of business with the Company.**

10.5 **Employees must avoid any communication that may be interpreted as an indication that the Company’s purchases from a current or potential supplier may be reduced if the said supplier does not purchase products or services from the Company.**

11. Abuse of dominant position

11.1 **The regulations to safeguard competition prohibit any action by any individual company that may constitute an abuse of dominant position.**

11.2 To have a dominant position or substantial power in a market is not in itself illegal according to Antitrust laws. A company may achieve a dominant market share by legitimate means or through competition or by historical accident.

11.3 It is prohibited to use market power illegally to eliminate or damage the competition as is any attempt to illegally exploit dominant market position in one market to occupy another market.

11.4 Employees must be particularly watchful in every situation concerning markets in which Biesse has a dominant position or regarding circumstances in which an abuse of dominant position may be perceived. Accordingly, any situation in which the Company holds a market share of at least 25% must be carefully monitored with the support of legal counsel.

11.5 It is prohibited to fix “predatory prices”, or prices below average variable costs or average total costs, in order to eliminate competitors in the short term and reduce competitiveness in the long term.

11.6 Employees may not adopt forms of predatory pricing or other practices, strategies or tactics that could be interpreted as aiming, with no justifiable motive, to damage or impede competition or competitors, and must consult the Legal Department before adopting any such practice, strategy or tactic.

12. Norme finali

12.1 Employees who have any doubts about the application of Antitrust regulations or competition regulations regarding the conduct of the Company’s business or other activities are required to consult the Legal Department before undertaking any action where such doubt exists.

12.2 If some employee believe that the Company might be damaged by a potential violation of Antitrust regulations he is required to immediately notify the Legal Department.

12.3 Employees may not undertake retaliatory measures by ordinary business decision, as such conduct may constitute a violation of regulations to safeguard competition.

12.4 Employees aware of any conduct that might violate any Antitrust regulation, must promptly report any potential violation of the Code through reporting channels established by Biesse.

This reporting channel guarantees the anonymity and protection of the reporters from any retaliation to them.

12.5 Any employee responsible for any violation of Antitrust regulations may face disciplinary action, in application of the Group Disciplinary Code.

12.6 If any doubt, employees should contact the Legal Department: Mrs. Elena Grassetti for the Headquarter (elena.grassetti@biesse.com), Tel.:+ 39 0721 439185) and/or the Internal Audit Department: Mr. Domenico Ciccopiedi (domenico.ciccopiedi@biesse.com), Tel.:+ 39 0721 439320).

12.7 In the event of any inspection committed by the European Commission or by any other authority on this subject, please immediately contact the Legal Department: for Headquarters Elena Grassetti (elena.grassetti@biesse.com).

